In the Supreme Court of the United States

OCTOBER TERM, 1960

No. 604.

GRAVER TANK & MFG. CO., INC., and
THE LINCOLN ELECTRIC COMPANY,

Petitioners,

v.

UNION CARBIDE CORPORATION,

Respondent.

PETITIONERS' REPLY BRIEF
In Support of Their Petition for Writ of Certiorari.

THOMAS V. KOYKKA,
JAMES R. STEWART,
1144 Union Commerce Building,
Cleveland 14, Ohio,

CASPER W. OOMS,
DUGALD S. MCDOUGALL,
135 South LaSalle Street,
Chicago 3, Illinois,

EDWARD A. HAIGHT,
209 South LaSalle Street,
Chicago 4, Illinois,

Counsel for Petitioners.

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RECORD REFERENCES.

The record in this case has been certified to this Court in the companion case, No. 576, October Term 1960, styled *Union Carbide Corporation v. Graver Tank & Mfg. Co., Inc. and The Lincoln Electric Company.*

Citations to Volumes I-IV of the record (i.e., the joint appendix filed in the court below and certified here) are to page numbers in parentheses, e.g. "(R. 1145)." Pages 1-480 are in Volume I, pages 481-954 are in Volume II, pages 955-1343 are in Volume III, and pages 1345-1402 are in Volume IV which is the supplemental joint appendix.

The "Exhibit Volume" of the joint appendix is separately paged. Citations to that volume are by exhibit number followed by the exhibit-volume page number, e.g. "(DX 241, Exhibit Volume, p. 492)."

Citations to the two-volume printed record of the original infringement case in this Court (Nos. 184 and 185, October Term 1948, 336 U. S. 271, and No. 2, October Term 1949, 339 U. S. 605) are to "O. R." for "old record," e.g. "(I O. R. 46)."

Citations to the two-volume printed record in the contempt case (No. 714, October Term 1951 in this Court, upon denial of certiorari, 343 U. S. 967) are to "C. R." for "contempt record," e.g. "(II C. R. 760)."

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Union Carbide's grounds for staying this Court's hand supply neither excuse for, nor answer to, the disquieting fact that:

I. FRAUD WAS COMMITTED ON THIS COURT IN OBTAINING DETERMINATION OF INFRINGEMENT.

In hope of retaining what its duplicity gained for it, Union Carbide makes four contentions.

They are without merit.

1. Only This Court Has Power to Relieve From Its Mandate and Undo the Wrong.

Union Carbide argues that it now is secure, for its fraud should earlier have been discovered, and that (p. 5) there was "No charge of fraud in Courts below."

The courts below, bound by this Court's mandate, could not cure the wrong. *Briggs v. Pennsylvania Railroad*

Co. (1948), 334 U. S. 304. Petitioners stand now in the first and only court that can aid them. So long as this Court's mandate stands Union Carbide will hold what it here obtained because it was willing to tell this Court what its sworn proofs in other proceedings show was false.

2. Patent Owner May Not Tell One Story to Patent Office and Another in Court.

In surveying Union Carbide's second escape route (p. 6), two things need to be noted:

1. No one claims "that Union Carbide had been 'hiding' these records." (See p. 6 of Union Carbide's brief.) It was not by "hiding" records, but (see the Graver-Lincoln petition, p. 8) "By hiding what was known to its own experts," that Union Carbide induced the holding of infringement.

2. It is no answer to the double-dealing worked on the courts that the Clapp and Miller patents were "known to Lincoln's patent attorney," as Union Carbide now argues. (p. 6.) The fraud is not in the patents; it is disclosed in the *file wrappers* on which those patents issued (DX 241 and DX 242, Exhibit Volume, pp. 488-500.) They show that the story Union Carbide told the courts, including this Court, is false.

3. Issue Is Not "Newly Discovered Evidence" But Integrity of the Judicial Process Itself.

This is not, as Union Carbide argues (p. 7), a mere matter of "newly discovered evidence." It is a question going to the purity of the judicial process itself. *Hazel-Atlas Glass Co. v. Hartford-Empire Co.* (1944), 322 U. S. 238. Nor is the way here barred, as in *Toledo Scale Com-*

pany v. Computing Scale Company (1923), 261 U. S. 399, on which Union Carbide hopefully relies to escape the scrutiny of this Court. There the judgment had become final after exhaustion of all review. Here the fraud-induced determination of infringement is still interlocutory—and within reach of this Court.

4. Fraud Cannot Be Explained Away As Having "No Material Bearing."

Union Carbide asserts (p. 8) that the fraud had "No material bearing" on the issue of infringement, and would explain it away on the astonishing ground (see p. 9 of Union Carbide's Brief in Opposition) that:

> "Clapp represented to the Patent Office that he had succeeded in welding sulphur banded steel when he limited the manganese silicate in his flux to between 4% and 16%."

That is *not* what Clapp told the Patent Office. Nor is it what Miller, or Keir, or the patent solicitors told the Patent Office.

Clapp told the Patent Office that he had discovered that as much as 16% manganese could be used in a welding flux. Miller told the Patent Office that he had discovered that as much as 65% could be used. To be sure, both dealt with sulphur-banded steel. But that had nothing to do with Patent Office objections. The Patent Office in each case cited in bar the Jones patent here in suit. Clapp did not then say, as Union Carbide now argues, that his invention lay in the fact that he had "limited the manganese silicate in his flux to between 4% and 16%". Nor did Miller. Nor did Keir. Nor did the patent solicitors, though they were the same patent solicitors who earlier had obtained the Jones patent. Instead they explained that Jones disclosed only that manganese

"may be *added in moderate* amounts * * * " (
hibit Volume, p. 489; and see the patent, Exh
Volume, p. 2, col. 2, lines 33-35.) [1]

Thus, they said, Jones "gives no directions concern
the amounts to be used or the results to be expecte
(Exhibit Volume, p. 489.) They explained that in Jon

"there is clearly no teaching for what purpose or
what amounts it [i.e., manganese] is to be add
(Exhibit Volume, p. 490)

and that it was indeed only "after a great deal of exp
mentation" (Exhibit Volume, p. 490) that Clapp fou
out that as much as 16% could be used.

When Miller later sought his patent on welding w
a flux containing as much as 65% manganese, Clapp to
oath that, although he had "spent the major portion of
time" for seven years (Exhibit Volume, p. 498) in stud
ing welding "of the type described" in the Jones patent
was "*surprising* to him" (Exhibit Volume, p. 499) th
the Miller flux, with its 65% manganese:

"produces entirely satisfactory results even though t
manganese content is far higher than he had thoug
permissible." (Exhibit Volume, p. 499.)

This, he swore, "could not have been predicted" fro
the Jones patent in suit. (Exhibit Volume, p. 499.)

There is nothing here to say, as Union Carbide argu
(p. 9), that Clapp "limited the manganese silicate in h
flux to between 4% and 16%." To the contrary, wh
appears is amazement that *as much as* 16% could be use

Notwithstanding such proofs by its own experts—th
fruit of 7 years study—Union Carbide found it possible
tell this Court (and on page 14 of its present brief repeats

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[1] Emphasis supplied throughout the brief

that Lincoln's 95% manganese silicate flux came from the patent.

Union Carbide's present explanations do not explain; they merely underline the fraud that was worked on this Court.

The other point this case raises—to which Union Carbide has no better answer—is that:

II. THIS COURT SHOULD SAY WHETHER PATENT INFRINGEMENT DAMAGES MAY BE MEASURED BY PRODUCTS NOT COVERED BY PATENT AND NOT EVEN USABLE WITH PATENTED ARTICLE.

Union Carbide says (p. 12):

> "He [the Master] did not compute any royalty on any sales of non-infringing equipment or material."

The Master said he *did*.

The Master said: "In determining reasonable royalty I *did* however, take into consideration the fact that Lincoln did sell welding supplies, equipment and machines usable both with and independent of its 660 flux and the extent of such sales and the profit it made from such operations in arriving at a reasonable royalty for the 660 flux . . ." (See Master's report, R. 1185.)

This, as the Master explained:

> "resulted in a total dollar amount [of 'reasonable royalty'] that exceeds the actual profit Lincoln made on its sales of 660 flux * * *." (R. 1185-1186.)

If this patent owner may through a judicially written and enforced license collect royalty on $4,353,777 worth of infringing product by taking into consideration $108,332,799 of products not covered by the patent, both the statute, 35 U. S. C. § 284, and this Court's work in

confining patents to the granted monopoly, will have been undone. If such be the law, the American people ought to be told; if it be not the law, patentees ought to be advised. In any case, whatever the law may be, it should not be left, as the Court of Appeals deemed it to be, "not entirely free from doubt." 282 F. 2d at 671.

CONCLUSION.

The Court should grant the writ.

Respectfully submitted,

THOMAS V. KOYKKA,
JAMES R. STEWART,
CASPER W. OOMS,
DUGALD S. McDOUGALL,
EDWARD A. HAIGHT,
Counsel for Petitioners.

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